

Benyam and Paula R. Mulugeta
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FILED

OCT 09 2009

CLERK
United States Bankruptcy Court
San Jose, California

Debtors in Possession

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA

In Re:

Benyam and Paula R. Mulugeta) Case No. 09-51900 ASW
) Chapter 11
)
Debtors) DEBTORS DECLARATION AND PROPOSAL
)
) Date: October 9, 2009
) Place: United States Bankruptcy Court
) 280 S. First Street
) San Jose, CA. 95113
)

TO THE HONORABLE ARTHUR S. WEISSBORDT, UNITED STATES BANKRUPTCY JUDGE:

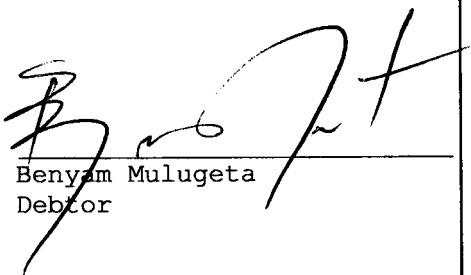
I, Benyam Mulugeta, do hereby declare and propose:

- 1- I am one of the debtors and authorized to make this declaration and proposal on my own behalf and on behalf of my spouse and Debtors, Paula R. Mulugeta ("Debtors").
- 2- The Debtors have been in real estate business since 1982, and Benyam Mulugeta, has been a real estate broker licensed in the State of California since 1985.
- 3- Debtors interviewed and hired, Mr. Scott Goodsell, for \$100,000.00 retaining fee on March 20, 2009. Reason unknown to Debtors, Mr. Goodsell became uninvolved in our case, and Mr. William Healy became the principal lawyer in our case. However, Debtors repeatedly asked Mr. Goodsell to take over the case and do the necessary things for the case, the answer Debtors got from Mr. Goodsell was if you do not like it to find "another counsel"

Debtors believe based on the actions of Mr. Goodsell, and the way the case has been handle by Mr. Healy, and the knowledge Mr. Healy has in real estate business, which is Debtors main business, the lack of communication and understanding between Debtors and their counsel, and Mr. Goodsell unwillingness to listen Debtors concern, Debtors believe posses serious danger to the case. Thus, Debtors request the court to grant Debtors time to find another lawyer to represent them. Debtors have start contacting other lawyers to represent them.

- 1 4- The subject property, 2332 Harrison, Oakland, Ca. was appraised on
2 April 17, 2009 for the buyer, Trading Spaces LLC, by Detailed Analysis
3 Real Estate Appraiser and Investment Analysis for \$7,500,000.00 "as is"
4 (the court has the copy of the appraisal). Debtors believe that when
5 there is equity on the property based on a fully developed appraisal;
6 it is a strong showing for the court to grant Debtors for extension to
7 sale the property and pay their creditors. The court should deny the
8 Loan Oak Fund request for relief since Loan Oak Fund security and
9 interest will not immediately be jeopardized due to the passage of time
10 necessary for Debtors to sale the property and confirm a plan of
11 reorganization. To allow at this stage Loan Oak Fund a relief, not only
12 Loan Oak Fund will get huge wind fall above and over what the Debtors
13 owe to Loan Oak Fund, but will do major damage to Debtors, the estate
14 and other creditors.
- 15 5- The property, 2332 Harrison, Oakland, Ca. is essential for Debtors
16 successful reorganization. Debtors will submit acceptable plan once
17 Debtors get another lawyer to represent them.
- 18 6- The property, 2332 Harrison, has sufficient equity to make able Debtors
19 successfully to reorganize and be able to pay off their creditors. In
20 addition, the main reason why Debtors filed bankruptcy on March, 2009
21 was to get protection from creditor like Lone Oak Fund LLC.
- 22 7- Debtors are actively and aggressively marketing the property for sale,
23 as the result, Debtors are currently working with two other additional
24 prospective buyers and other two lessees. In addition, Debtors are
25 interviewing and contacting Commercial Real Estate Companies,
26 specialized in hotels, and ready to drop the sale price drastically for
27 quick sale. Debtors will ask the court permission to hire commercial
28 real estate broker, if Relan, the current buyer, will not removed all
contingencies and ready to close the deal on or before October 19, 2009
- 8- The current buyer, Relan, has done inspection of the property, Debtors
will know by October 19, 2009, that Relan will remove all contingencies
and prepare to close the deal based on the agreed contract dated
August 30, 2009.
- 9- Starting November 10, 2009, Debtors are able to make the \$30,000.00 per
month payment the court ordered on the September 30, 2009 hearing, for
Debtors to get sufficient time to sale the property.
- 10- Debtors request the court to order Lone Oak Fund, who is not dealing in
good faith, to stop immediately from interfering with Debtors effort to
sale the property, by claiming that they have court order for
receivership and continually advertising the property for sale before
they have any legal right to do so. That has caused major problem for
Debtors to market the property effectively, since most prospective
buyers now know the property is foreclosing and Loan Oak Fund has been
contacting them.
- 11- Debtors submit the equity on 2332 Harrison property warrants a
not given reasonable time, considering the current economy environment,
to sale Harrison, a property which has enough equity, then all of the
creditors, secured and unsecured, will suffer significant harm and
Debtors' ability to reorganized will be severely jeopardized. Thus, Debtors believe that
there is good cause exist to grant Debtors extension to sale the
Harrison property.

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3 I declare under penalty of perjury under the laws of the United States
4 of America that the foregoing is true and correct and executed on
5 October 9, 2009 in Palo Alto, California.
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Benyam Mulugeta
Debtor

COURT SERVICE LIST

United States Trustee

Office of the U.S. Trustee
U.S. Federal Bldg.
280 S. First St., Suite 268
San Jose, CA 95113

Debtors

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C/O Tsys Debt Management (Tdm)
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ORDER GRANTING MOTION TO BE RELIEVED AS COUNSEL

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23 1569 Jackson St.
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ORDER GRANTING MOTION TO BE RELIEVED AS COUNSEL

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4 WELLS FARGO BANK N.A.
5 BDD BANKRUPTCY DEPT MAC S4101-08C
6 100 W WASHINGTON ST, PHOENIX, AZ 85003

7 Wells Fargo Bank, N.A.
8 c/o Wells Fargo Card Services
9 Recovery Department
10 P.O. Box 9210
11 Des Moines, IA 50306

12 SEQUOIA MORTGAGE CAPITAL
13 c/o Patric J. Kelly, Esq.
14 ADLESON, HESS & KELLY, APC
15 577 Salmar Avenue, Second Floor
16 Campbell, CA 95008

17 Chrysler Financial Services Americas LLC
18 f/k/a DAIMLERCHRYSLER FINANCIAL
19 SERVICES AMERICAS LLC
20 c/o Randall P. Mroczynski, Esq.
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